



# House of Representatives

General Assembly

**File No. 460**

*January Session, 2007*

Substitute House Bill No. 7319

*House of Representatives, April 11, 2007*

The Committee on Government Administration and Elections reported through REP. CARUSO of the 126th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING CONNECTICUT JOBS FOR CONNECTICUT PROJECTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-1c of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) In addition to any other powers, duties and responsibilities  
4 provided for in this chapter, chapter 131, chapter 579 and section 4-8  
5 and subsection (a) of section 10-409, the commissioner shall have the  
6 following powers, duties and responsibilities: (1) To administer and  
7 direct the operations of the Department of Economic and Community  
8 Development; (2) to report annually to the Governor, as provided in  
9 section 4-60; (3) to conduct and administer the research and planning  
10 functions necessary to carry out the purposes of said chapters and  
11 sections; (4) to encourage and promote the development of industry  
12 and business in the state and to investigate, study and undertake ways  
13 and means of promoting and encouraging the prosperous

14 development and protection of the legitimate interest and welfare of  
15 Connecticut business, industry and commerce, within and outside the  
16 state; (5) to serve, ex officio as a director on the board of Connecticut  
17 Innovations, Incorporated; (6) to serve as a member of the Committee  
18 of Concern for Connecticut Jobs; (7) to promote and encourage the  
19 location and development of new business in the state as well as the  
20 maintenance and expansion of existing business and for that purpose  
21 to cooperate with state and local agencies and individuals both within  
22 and outside the state; (8) to plan and conduct a program of information  
23 and publicity designed to attract tourists, visitors and other interested  
24 persons from outside the state to this state and also to encourage and  
25 coordinate the efforts of other public and private organizations or  
26 groups of citizens to publicize the facilities and attractions of the state  
27 for the same purposes; (9) to advise and cooperate with municipalities,  
28 persons and local planning agencies within the state for the purpose of  
29 promoting coordination between the state and such municipalities as  
30 to plans and development; (10) to provide all necessary staff, services,  
31 accounting and office space and equipment required by the  
32 Connecticut Development Authority subject to the provisions of  
33 section 4b-23, where real estate acquisitions are involved; (11) to aid  
34 minority businesses in their development; (12) to appoint such  
35 assistants, experts, technicians and clerical staff, subject to the  
36 provisions of chapter 67, as are necessary to carry out the purposes of  
37 said chapters and sections; (13) to employ other consultants and  
38 assistants on a contract or other basis for rendering financial, technical  
39 or other assistance and advice, provided in implementing the  
40 Connecticut economic information system the commissioner shall to  
41 the maximum extent feasible contract with private vendors for  
42 software, certain data sets and data updating services; (14) to acquire  
43 or lease facilities located outside the state subject to the provisions of  
44 section 4b-23; (15) to advise and inform municipal officials concerning  
45 economic development and collect and disseminate information  
46 pertaining thereto, including information about federal, state and  
47 private assistance programs and services pertaining thereto; (16) to  
48 inquire into the utilization of state government resources and

49 coordinate federal and state activities for assistance in and solution of  
50 problems of economic development and to inform and advise the  
51 Governor about and propose legislation concerning such problems;  
52 (17) to conduct, encourage and maintain research and studies relating  
53 to industrial and commercial development; (18) to prepare and review  
54 model ordinances and charters relating to these areas; (19) to maintain  
55 an inventory of data and information and act as a clearinghouse and  
56 referral agency for information on state and federal programs and  
57 services relative to the purpose set forth herein. The inventory shall  
58 include information on all federal programs of financial assistance for  
59 defense conversion projects and other projects consistent with a  
60 defense conversion strategy and shall identify businesses which would  
61 be eligible for such assistance and provide notification to such business  
62 of such programs; (20) to conduct, encourage and maintain research  
63 and studies and advise municipal officials about forms of cooperation  
64 between public and private agencies designed to advance economic  
65 development; (21) to promote and assist the formation of municipal  
66 and other agencies appropriate to the purposes of this chapter; (22) to  
67 require notice of the submission of all applications by municipalities  
68 and any agency thereof for federal and state financial assistance for  
69 economic development programs as relate to the purposes of this  
70 chapter; (23) with the approval of the Commissioner of Administrative  
71 Services, to reimburse any employee of the department, including the  
72 commissioner, for reasonable business expenses, including but not  
73 limited to, mileage, travel, lodging, and entertainment of business  
74 prospects and other persons to the extent necessary or advisable to  
75 carry out the purposes of subdivisions (4), (7), (8) and (11) of this  
76 subsection and other provisions of this chapter; (24) to assist in  
77 resolving solid waste management issues; and (25) to develop and  
78 implement the Connecticut economic information system, in  
79 consultation with the Connecticut Economic Information System  
80 Steering Committee established under section 32-6i.

81 (b) The Commissioner of Economic and Community Development  
82 may make available technical and financial assistance and advisory  
83 services to any appropriate agency, authority or commission for

84 planning and other functions pertinent to economic development  
85 provided any financial assistance to a regional planning agency or a  
86 regional council of elected officials shall have the prior approval of the  
87 Secretary of the Office of Policy and Management or his designee.  
88 Financial assistance shall be rendered upon such contractual  
89 arrangements as may be agreed upon by the commissioner and any  
90 such agency, authority or commission in accordance with their  
91 respective needs, and the commissioner may determine the  
92 qualifications of personnel or consultants to be engaged for such  
93 assistance.

94 (c) The Commissioner of Economic and Community Development is  
95 authorized to do all things necessary to apply for, qualify for and  
96 accept any federal funds made available or allotted under any federal  
97 act for planning or any other projects, programs or activities which  
98 may be established by federal law, for any of the purposes, or activities  
99 related thereto, of the Department of Economic and Community  
100 Development and said Commissioner of Economic and Community  
101 Development shall administer any such funds allotted to the  
102 department in accordance with federal law. The commissioner may  
103 enter into contracts with the federal government concerning the use  
104 and repayment of such funds under any such federal act, the  
105 prosecution of the work under any such contract and the establishment  
106 of any disbursement from a separate account in which federal and  
107 state funds estimated to be required for plan preparation or other  
108 eligible activities under such federal act shall be kept. Said account  
109 shall not be a part of the General Fund of the state or any subdivision  
110 of the state.

111 (d) The Commissioner of Economic and Community Development  
112 shall require all recipients of financial assistance awarded by the  
113 Department of Economic and Community Development, Connecticut  
114 Development Authority or Connecticut Innovations, Incorporated,  
115 where the project for which such award is given involves the  
116 construction, remodeling, refinishing, refurbishing, rehabilitation,  
117 alteration or repair of any building, to comply with all provisions of

118 part III of chapter 557, and any regulations adopted pursuant to part  
119 III of chapter 557, applicable to public works projects.

120     ~~[(d)]~~ (e) The powers and duties enumerated in this section shall be  
121 in addition to and shall not limit any other powers or duties of the  
122 Commissioner of Economic and Community Development contained  
123 in any other law.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	32-1c

**LAB**        *Joint Favorable Subst. C/R*

GAE

**GAE**        *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Economic & Community Development	GF - See Below	See Below	See Below
CT Innovations Inc. (quasi-public)	Uncertain	See Below	See Below
CT. Development Auth. (quasi-public)	Uncertain	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

To the extent that the Department of Economic and Community Development (DECD) will be required to enforce and monitor compliance with labor laws, DECD will require 1 – 2 economic development agents at a  $\frac{3}{4}$  year estimated cost in FY 08 of \$97,500 for salaries plus fringe benefits<sup>1</sup> and an estimated cost of \$130,000 in FY 09 plus fringe benefits. Additional costs of approximately \$5,000 could be incurred in order to update existing regulations.

To the extent that the extension of the prevailing wage requirements and state resident hiring preferences reduces the number of applicants that apply for financial assistance through the DECD, the Connecticut Development Authority, and Connecticut Innovations, Inc., there could be a cost savings to the state's financial assistance programs. The

<sup>1</sup> The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate for a new employee as a percentage of average salary is 25.8%, effective July 1, 2006. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The SERS 2006-07 fringe benefit rate is 34.4%, which when combined with the non pension fringe benefit rate totals 60.2%.

exact impact is indeterminate.

Since the DECD has no statutory authority over either the Connecticut Development Authority or Connecticut Innovations, Inc., it is unclear what, if any fiscal impact these provisions would have on these 2 entities.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 7319*****AN ACT CONCERNING CONNECTICUT JOBS FOR CONNECTICUT PROJECTS.*****SUMMARY:**

This bill requires the economic and community development commissioner to require all recipients of certain financial assistance awarded for construction projects to comply with prevailing wage requirements and state resident hiring preferences in construction projects. It applies to financial assistance from the Department of Economic and Community Development (DECD), the Connecticut Development Authority (CDA), or Connecticut Innovations, Incorporated (CII). The part of the bill concerning CDA and CII appears unworkable because the DECD commissioner has no statutory authority over them. Both CDA and CII are quasi-public agencies established, in part, with the authority to take independent action (see COMMENT).

EFFECTIVE DATE: October 1, 2007

**REQUIRED DECD ACTION**

The bill requires the DECD to impose the prevailing wage and state resident hiring preferences on projects it funds when the assistance involves construction, remodeling, refinishing, refurbishing, rehabilitation, alteration, or repair of any building. The bill requires these projects to comply with all provisions of the General Statutes, part III of chapter 557, as they apply to public works projects. The prevailing wage and state residence hiring preferences for construction projects are the only two provisions of that part that apply to construction projects.

**COMMENT*****DECD Has No Authority Over CDA or CII***



The bill requires the economic and community development commissioner to impose prevailing-wage and state-resident hiring-preference requirements on any recipient receiving CDA or CII financial assistance for construction projects. DECD has no authority over these quasi-public agencies, which were established in statute to independently provide financial assistance for economic development projects.

## **BACKGROUND**

### ***CDA and CII***

These are two of the state's primary economic development quasi-public agencies. They have the authority to provide loans, equity investments, and other financial assistance to various kinds of businesses and economic development projects. Their programs are financed by state bond proceeds, repayments of loans, and other means.

### ***Prevailing Wage Law***

The state prevailing wage law requires contractors to pay the prevailing hourly wage, as determined by the state Labor Department, to all mechanics, laborers, or workers on state and municipal construction jobs. It applies to state and municipal (1) new construction projects of \$400,000 or more and (2) repair or remodeling jobs of \$100,000 or more. Punishments for violating the law include fines and suspension from bidding on future public projects.

## **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute Change of Reference

Yea 9      Nay 1      (03/13/2007)

Government Administration and Elections Committee

Joint Favorable

Yea 9      Nay 4      (03/28/2007)